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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations Mission in Bosnia and Herzegovina

Performance report on the budget of the United Nations Mission in Bosnia and Herzegovina for the period from 1 July 2001 to 30 June 2002

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financial performance of the United Nations Mission in Bosnia and Herzegovina (UNMIBH) for the period from 1 July 2001 to 30 June 2002 (A/57/684), including the United Nations liaison offices in Zagreb and Belgrade and the United Nations Mission of Observers in Prevlaka (UNMOP), which, although an independent Mission, is treated as part of UNMIBH for administrative and budgetary purposes. During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information.

2. UNMIBH was established by the Security Council in its resolution 1035 (1995) of 21 December 1995, consisting of an International Police Task Force and a civilian office. The Mission's mandate was extended several times by the Security Council through various resolutions, the latest being resolution 1423 (2002) of 12 July 2002, by which the Council further extended the mandate of the Mission until 31 December 2002. The Security Council established the United Nations Mission of Observers in Prevlaka by its resolution 779 (1992) of 6 October 1992, to monitor the demilitarization of the Prevlaka peninsula. Its last mandate, under Security Council resolution 1437 (2002) of 11 October 2002, expired on 15 December 2002.

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I. Information on performance for the current period

3. The General Assembly, in its resolution 56/505 of 27 June 2002, appropriated an amount of $78,543,900 for the maintenance and liquidation of the Mission for the period from 1 July 2002 to 30 June 2003. The liquidation plan for the Mission was reflected in the report of the Secretary-General (A/56/773) and the comments and observations of the Advisory Committee in that regard are contained in its report (A/56/887/Add.2). The final report of the Secretary-General on UNMIBH to the Security Council was issued on 2 December 2002 (S/2002/1314).

4. Upon enquiry, the Committee was informed that, of the total resources of $78,613,900 made available to UNMIBH for the period from 1 July 2002 to 30 June 2003, expenditures, as at 28 February 2003, amounted to $58,715,700 (see annex I to the present report). The Committee was also provided, upon request, with a progress report of the liquidation process of UNMIBH, which is also attached to the present report (annex II). In this connection, the Committee recalls its concern about the length of time taken to liquidate missions and submit final performance reports, as well as its comments on the issue of liquidation of missions (see A/56/887, paras. 71 and 79). The Committee trusts that, with the advantage of previous experience, the liquidation of UNMIBH will be carried out within the time frame communicated by the Secretariat. **However, the Committee must stress, as did the Board of Auditors (see A/57/5, vol. II, paras. 144-147), the need for the Administration to expedite the promulgation of liquidation guidelines. In addition, the Committee expects that a report on lessons learned on all aspects of this Mission will be prepared by the Administration in a timely manner.**

5. As to the number of authorized posts for the period from 1 July 2002 to 30 June 2003 (28 military observers, 4 military liaison officers, 1,600 civilian police, 358 international staff, 1,455 national staff and 5 United Nations Volunteers), the Advisory Committee was informed of the following incumbency, as at 28 February 2003: 1 military observer, 151 international staff, 301 national staff, 3 United Nations Volunteers.

6. The Advisory Committee was informed that the assessment on Member States in respect of UNMIBH, since inception until 31 December 2002, amounted to $944.5 million, and that, as of the same date, contributions received amounted to $883.6 million, leaving outstanding balances of $60.9 million. Furthermore, since its inception until 31 December 2002, an amount of $911,000 had been paid for 13 claims for death and disability compensation; unliquidated obligations were estimated at $1,933,000, with 120 pending claims.

II. Financial performance for the period from 1 July 2001 to 30 June 2002

7. The report of the Secretary-General on the financial performance of UNMIBH for the period from 1 July 2001 to 30 June 2002 (A/57/684) outlines the action to be taken by the General Assembly at its fifty-seventh session in connection with the financing of the Mission.

8. The Advisory Committee notes that, as indicated in the Secretary-General's report (A/57/684, para. 4), the budget for 2001/02 did not include a standard

framework for planned results, which would have provided a baseline against which performance would have been measured and reported, and that, therefore, the Mission mandate performance was presented in a "transitional format", showing actual accomplishments and outputs. The Committee recalls, however, that a two-year mandate implementation plan had been elaborated, comprising specific goals, projects, benchmarks and timelines, organized in six core programmes for completing the Mission's core mandate by 31 December 2002 (see A/56/887/Add.2, para. 17). **The Committee is of the opinion that this plan should have constituted the framework for reporting. Moreover, the Committee recommends that, in future, where such plans exist, they be used or followed in preparing budget documents.**

9. **Furthermore, the analysis of variances in the resources apportioned or spent were found, in many cases, to be general statements, and the supplementary material provided to the Advisory Committee lacked further elaboration or justification, delaying its examination of the report owing to the need for further clarification. The Committee's comments and observations in this regard are contained in its general report on peacekeeping operations.**

10. As indicated in the report of the Secretary-General (A/57/684, summary and sect. II.A), the total resources made available to UNMIBH for the period from 1 July 2001 to 30 June 2002, as decided in General Assembly resolution 55/268 of 14 June 2001, amounted to $140,104,000 gross ($131,719,500 net), inclusive of a voluntary contribution valued at $104,000 from the Stabilization Force. Expenditures amounted to $130,822,600, resulting in an unencumbered balance of $9,281,400. This balance, which represents 6.6 per cent in gross terms of the amount appropriated, was largely due to savings under military and civilian police personnel and operational costs, partly offset by additional requirements under civilian personnel.

11. The Advisory Committee notes that the savings under military ($118,300) and police personnel ($5,660,700) (ibid., sect. II.A) are mostly the result of higher vacancy rates of 10 per cent and 12 per cent, respectively. No vacancy rate had been taken into account in the budget for the reporting period.

12. The overexpenditures under civilian personnel ($1,013,100) are the result of: additional requirements of $2,600,500 for national staff, the result of the new salary scales that became effective 1 May 2001 (a 4 per cent increase over those in the budget estimates); higher average costs and lower vacancy rates than budgeted; and additional requirements of $75,000 for the temporary recruitment of five United Nations volunteers to cope with the related vacancies against civilian posts. These were partly offset by under-expenditures of $1,662,400 for international staff resulting from the recruitment of staff at lower levels than budgeted for (see A/57/684, paras. 11-13). The vacancy rates for the reporting period are indicated in the summary to the report of the Secretary-General.

13. The Advisory Committee recalls its comments and observations on the use of skilled staff in other missions (see A/55/874, para. 52, A/55/874/Add.5, para. 19, A/56/887, para. 71, and A/56/887/Add.2, para. 16). The Board of Auditors addressed several issues related to the liquidation process in UNMIBH (A/57/5, vol. II, paras. 150-162), inter alia, the placement of staff seeking reassignment at other missions. The Committee noted, from the Board of Auditors report (ibid., para. 152), that some 20 international and 12 local staff members had been reassigned to

other missions by early 2003 and that some 40 others were under consideration for other missions. In this regard, the Committee sought and obtained additional information on the skills of such staff. The Committee was further informed during its hearings that local staff reassigned was reappointed with international contracts in the respective recipient missions. **The Committee stresses, however, that the appointment of personnel for mission work on a contract of limited duration should in no way give rise to the expectation that the United Nations has an obligation to further offer career appointments.**

14. In its report (ibid., paras. 154-157), the Board of Auditors also referred to the pending issue of tax liabilities of local staff at UNMIBH (see the Advisory Committee's report on administrative and budgetary aspects of the financing of United Nations peacekeeping operations, A/57/772). **The Committee expresses serious concern about the potential implications of former staff members being requested to pay taxes after leaving the Organization.** Upon request for further information in this regard, the Committee was informed that it is the view of the administration that there is no basis for establishing a reserve of funds to meet claims related to the payment of taxes by local staff of UNMIBH and that steps have been taken to obtain confirmation from the Government of Bosnia and Herzegovina that local staff are exempt from taxes or contributions in salaries, in accordance with the relevant status-of-mission agreement as well as the Convention on the Privileges and Immunities of the United Nations to which Bosnia and Herzegovina is a party. **The Committee stresses the need to clarify this matter as soon as possible.**

15. The Advisory Committee notes the overexpenditure of $70,700 under consultants, attributed to training undertaken to enhance effective Mission support in the areas of administration and technical support, security, planning and disaster recovery (see A/57/684, sect. II.A and para. 15). The Committee recalls that an amount of $208,700 was budgeted for training for the period 2001/02. Additional information provided showed that a total amount of $286,800 was spent to train 279 staff during the reporting period, although the expenditure was debited under different budget items. **The Committee requests that this be made more transparent and clearly stated in future.** The Committee has also indicated the need for better planning of training of personnel in mission areas. In the case of UNMIBH, it noticed that only one staff member received procurement training during the period. **In view of the procurement and property management deficiencies identified in the report of the Board of Auditors (see A/57/5, vol. II, paras. 125 and 126 and 166-171), the Committee is of the opinion that the Mission should have trained more staff in procurement skills.**

16. The Advisory Committee recalls the comments made in its previous report (A/55/874, para. 57) in which it stressed the need to show the weaknesses and shortcomings that training programmes address. The Committee has also made a number of observations and recommendations on the issue of training in its general report on peacekeeping operations (see A/57/772). Supplementary information submitted in the context of performance reports to the Committee should not only include the number of staff trained and the type of training received, it should also include whether the staff members are still serving at a mission or, if not, indicate the mission to which they have been transferred. Moreover, the Committee recalls that cost overruns, in terms of activities related to mandate implementation, need to be adequately justified from the operational point of view (A/56/887, para. 19).

17. As indicated in the performance report (A/57/684, sect. II.A), an expenditure amounting to $444,400 is reported under official travel, an excess of $59,400 over the apportionment of $385,000. The report also indicates (A/57/684, para. 16) that this resulted from increased requirements in connection with political consultations related to the Mission's mandate and liquidation plan. The supplementary information provided to the Committee indicated an amount of $83,200 as related to "progress on mandate implementation" as an accomplishment/output reference. Such a statement is too general to be meaningful. **The statements in the additional information about "increased efficiency and effectiveness" from travel activities as an outcome should include a specific statement of the purpose of the travel and be supported or illustrated with appropriate facts** (see also A/57/772).

18. In its previous reports on the financing of UNMIBH (A/55/874/Add.5, para. 7, and A/56/887/Add.2, para. 19), the Advisory Committee referred to the eight-year rent-free arrangement, beginning April 2000, for the headquarters premises of the Mission (United Nations House), for which an amount of $3 million was spent on its renovation. In view of the completion of the mandate envisaged for December 2002, the Committee had questioned this expenditure and had been informed that it would be amortized by April 2003. In addition, it was told that, should a monitoring mission be required beyond the completion date of the mandate, rental savings would accrue.

19. Upon enquiry, the Advisory Committee was informed that the International Tribunal for the Former Yugoslavia, the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations International Drug Control Programme (UNDCP), the International Organization for Migration (IOM), the European Union Police Mission and UNMIBH currently occupy space in the United Nations House. Furthermore, UNMIBH and the United Nations Headquarters are encouraging other entities such as the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA), the International Civil Aviation Organization (ICAO) and United Nations volunteers to occupy space in the United Nations House, as requested by the Board of Auditors in a letter sent in October 2002. They are required to make a decision by March 2003. The United Nations will have to decide whether to retain the premises or discuss with the University of Sarajevo the possible return of the premises on 30 June 2003.

20. The Committee was informed that Mission security expenditures, for the reporting period, amounted to $5,489,000.

21. Information provided to the Advisory Committee on support provided by UNMIBH to the United Nations and other entities in the Mission area during the reporting period show that an amount of $322,300 was reimbursed to the Mission. Support included such items as telephone charges, costs for shared premises, pouch and postage, miscellaneous supplies and reproduction. The Committee notes at present that there is no guideline from the Department of Peacekeeping Operations as to what charges are to be recovered. **The Committee points out that there is need for the Department of Peacekeeping Operations and the missions to agree on a methodology for reimbursement of services rendered that does not require elaborate or costly recovery mechanisms.**

III. Recommendations of the Advisory Committee

22. The action to be taken by the General Assembly in connection with the financing of UNMIBH is indicated in the report of the Secretary-General (A/57/684, para. 24). **The Committee recommends that the unencumbered balance of $9,281,400, as well as the amount of $5,739,000 resulting from other income and adjustments, for the period from 1 July 2001 to 30 June 2002, be credited to Member States in a manner to be decided by the General Assembly.**

Annex I

United Nations Mission in Bosnia and Herzegovina: status of expenditure for the period from 1 July 2002 to 30 June 2003 as at 28 February 2003

(Thousands of United States dollars)

Category	Apportionment (1)	Expenditure (2)	Unencumbered balance (1)-(2)
I. Military and police personnel			
Military observers	977.9	432.1	545.8
Military contingents	-	-	-
Civilian police	18 196.5	16 222.2	1 974.3
Formed police units	-	-	-
Subtotal, line 1	**19 174.4**	**16 654.3**	**2 520.1**
II. Civilian personnel			
International staff	26 508.8	20 475.4	6 033.4
National staff	13 950.5	13 195.8	754.7
United Nations volunteers	225.0	56.1	168.9
Subtotal, line 2	**40 684.3**	**33 727.3**	**6 957.0**
III. Operational costs			
General temporary assistance	12.5	14.4	(1.9)
Government-provided personnel	-	-	-
Civilian electoral observers	-	-	-
Consultants	95.0	19.7	75.3
Official travel	197.6	653.8	(456.2)
Facilities and infrastructure	2 912.6	2 000.4	912.2
Ground transportation	5 937.0	1 249.0	4 688.0
Air transportation	1 325.8	1 186.7	139.1
Naval transportation	-	-	-
Communications	4 459.3	2 433.5	2 025.8
Information technology	872.4	408.1	464.3
Medical	58.4	33.8	24.6
Special equipment	-	-	-
Miscellaneous supplies, services and equipment	2 814.6	264.7	2 549.9
Quick-impact projects	-	-	-
Subtotal, line 3	**18 685.2**	**8 264.1**	**10 421.1**

Category	*Apportionment* (1)	*Expenditure* (2)	*Unencumbered balance* (3)=(1)-(2)
Gross requirements	**78 543.9**	**58 645.7**	**19 898.2**
Staff assessment income	5 854.7	5 127.2	727.5
Net requirements	**72 689.2**	**53 518.5**	**19 170.7**
Voluntary contributions in-kind (budgeted)	70.0	70.0	-
Total requirements	**78 613.9**	**58 715.7**	**19 898.2**

Annex II

Status of liquidation

Phase 1 — 1 July to 31 December 2002

The maintenance phase, including downsizing (October to December 2002), has been completed as projected in the preliminary plan. A major variance was the end of the mandate of the United Nations Mission of Observers in Prevlaka (UNMOP) (15 December 2002), followed by the complete and successful liquidation of UNMOP by 31 December 2002. Another significant variance was the completion of the repatriation of civilian police earlier than planned. In the month of January 2003, only 18 civilian police were on board, compared to 150 foreseen in the budget. The 18 police were repatriated during January.

Phase 2 — 1 January 2003 to 30 June 2003

The first two months for the physical liquidation of the United Nations Mission in Bosnia and Herzegovina (UNMIBH) were completed by end February 2003 and the status of the liquidation is summarized below:

Regional headquarters

It was planned to close all regional headquarters between February and March 2003. The closure of offices in Bihac, Doboj and Brcko was completed in 2002. By 31 January 2003, regional headquarters in Mostar and Banja Luka were fully liquidated. Since 1 February 2003, operations of the Liquidation Team are confined to the warehousing facility in Tuzla and the two remaining locations (United Nations House and the logistics warehouse) in Sarajevo.

Tuzla warehousing facility

This facility remains operational for the consolidation and preparation for shipment of equipment. Yard sales have been organized, producing good results, and they will continue through March 2003. Equipment ready for donations and for sale is also being consolidated and prepared for hand-over in Tuzla. It is planned to end operations in Tuzla by 31 May 2003 and to sell, restore and hand over what will be left of the facility in June 2003.

The United Nations House

The United Nations House will remain operational throughout the liquidation phase. A separate presentation has been made on its future, which is, at this point in time, not decided.

Air operations

Helicopter operations were terminated in October 2002 and the operation of the fixed-wing aircraft ended in February 2003 as planned. Installations and equipment are being removed from the airport within the next days.

Equipment

Consolidation, control, refurbishing, packing and shipping of equipment are ongoing activities and should be completed by May 2003. A global freight-forwarding contract is in place. Of 14,300 items of equipment to be written off, the write-off of 8,000 items has been completed. Write-off is progressing at a rate of 1,500 items per week and should be completed in March 2003. Of the overall assets 46 per cent have been disposed and 54 per cent are awaiting disposal. These 54 per cent represent 10,603 items, of which, as of end February 2003, 40 per cent are pending shipment, 22 per cent pending donation and 38 per cent pending sale.

Administrative activities

Financial liquidation, archiving, drafting of the end of Mission report, compiling lessons learned and other administrative liquidation activities are well advanced. The downscaling of international and national staff follows the planned patterns.

The liquidation team continues to provide administrative support to the three liaison offices (Belgrade, Zagreb and Sarajevo).